



Green Fiscal Policies in the EU: Fit for 55 package & Recovery and Resilience Facility

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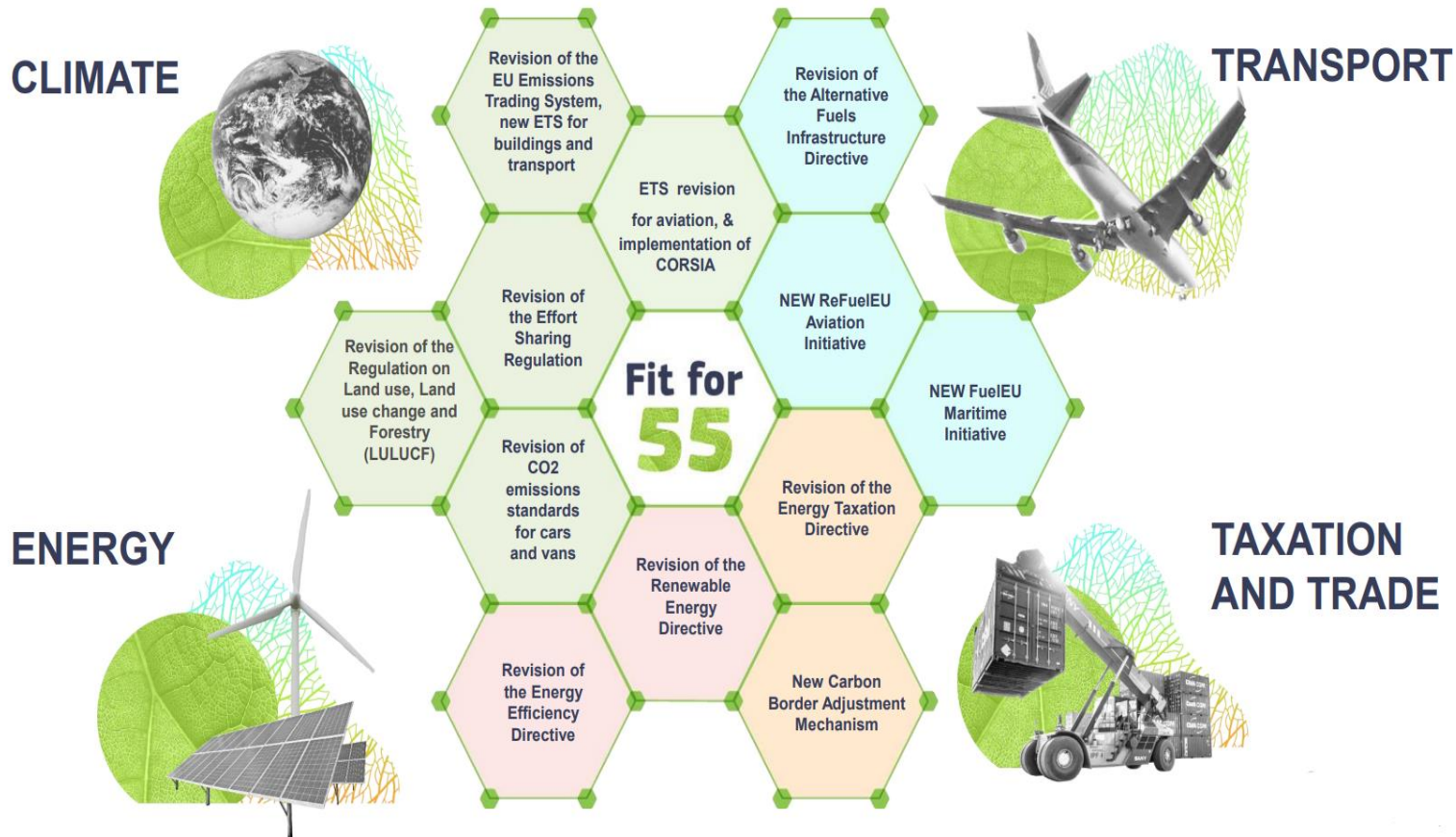
EU Delegation to the RoK

Europe is one of the **frontrunners** on the pathway towards a climate neutrality by 2050 and renewed ambition of reducing 2030 CO₂ emissions levels by 55% as compared to 1990 levels.

European Green Deal in December 2019

Fit for 55 Package in July 2021

Fit for 55 - Delivering our Green Deal

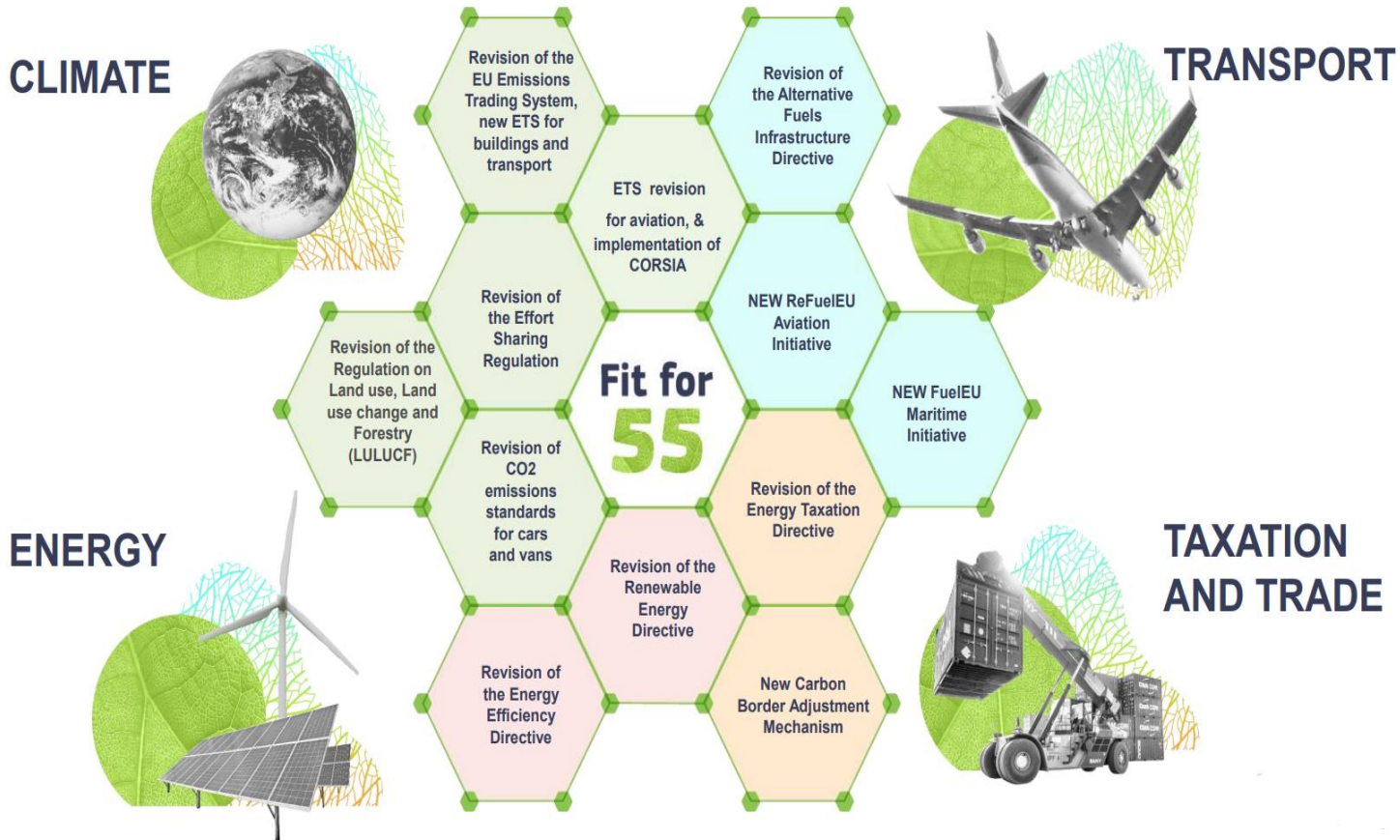


- It entails changes across climate, energy and fuels, transport, buildings, and land use and forestry.
- **ETS** is the core instrument for this ambition.
- It proposes to create a **Carbon Border Adjustment Mechanism (CBAM)**.

How will CBAM be implemented?

- **CBAM** will mirror the EU ETS.
- **CBAM** will comply with WTO and be in line with international trade rules.
- **CBAM** will concern cement, iron and steel, aluminum, fertilisers, electricity sectors.
- **In the first phase, CBAM** will only collect information on actual emissions.
- **From 2026, CBAM** replaces free allowances under the EU ETS and is phased in gradually as free allowances are phased out.

Fit for 55 - Delivering our Green Deal



Fit for 55 package also proposes to increase the ambition in the Renewable Energy and Energy Efficiency Directives, lays down rules on aviation and maritime fuels, and proposes new sectoral goals in the CO2 in cars.

Fit for 55 package also introduces a **Social Climate Fund**.

Fit for 55 – Delivering our Green Deal

- The EU's commitment to the green transition will require an immediate and sustained high level of investments.
- The post-COVID economic recovery is our common challenge of this time.
- Investments in the recovery and the green transition are complementary.
- The European Green Deal underpins the policy for the recovery path.

Fit for 55 – Delivering our Green Deal

- The EU adopted an unprecedented recovery package.
- On top of the reinforced long-term EU budget amounting to more than EUR 1 trillion for 2021-2027, this package also includes the Next Generation EU, a EUR 750 billion recovery instrument raising financing from the financial markets.
- Overall, national Recovery Resilience plans should contribute 37% of the total amount of expenditure foreseen to support EU climate objectives as part of the green transition, and 20% to the digital transformation.

RRF (Recovery and Resilience Facility): Cornerstone of the EU response

RRF: Cornerstone of EU Response

RRF part of the Recovery package including:

Next generation EU recovery instrument: EUR 750 billion from financial markets; EUR 390 billion grants; and EUR 360 billion loans

Reinforced long-term EU budget for 2021-2027: EUR 1.074,3 billion

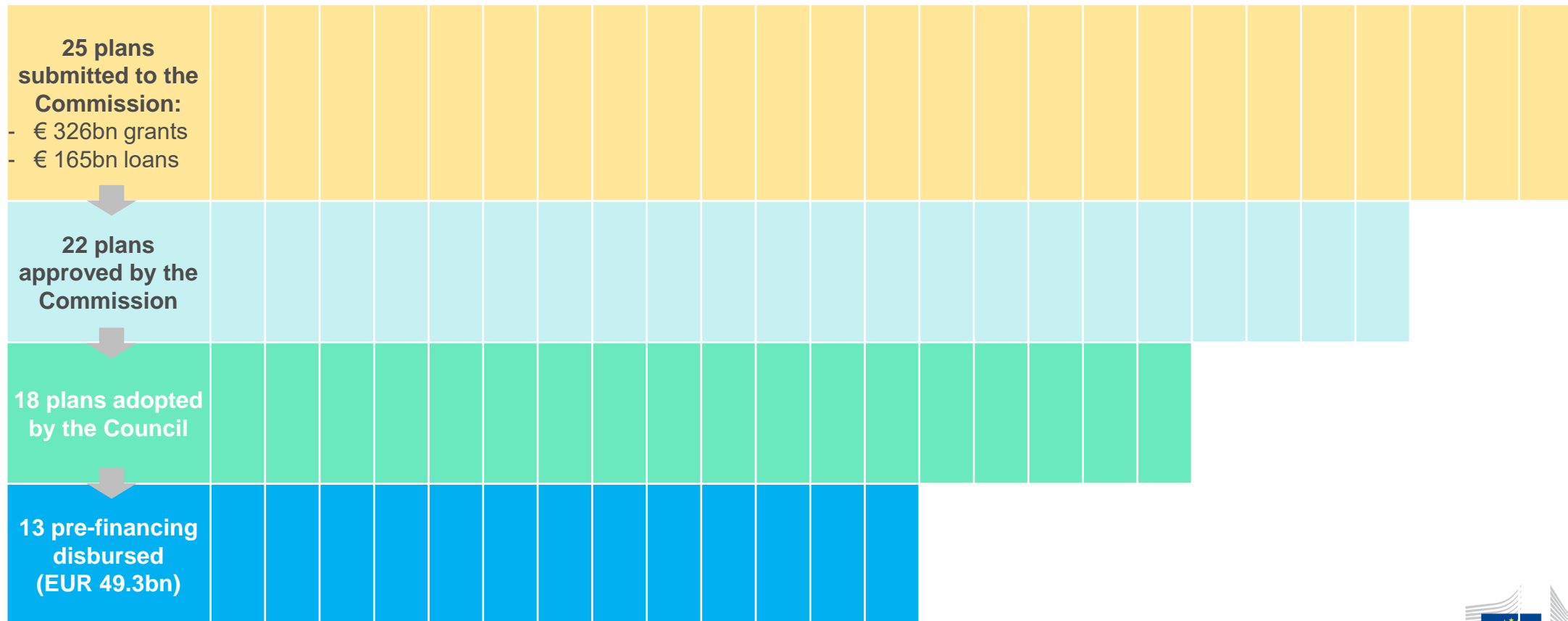
The money raised for the Next Generation EU recovery instrument will be invested under the RRF – EUR 672.5 billion, of which EUR 312.5 billion are grants, and EUR 360 billion loans.

The RRA will be accessible if a Member States presents a national Recovery and Resilience plan (RRP).

The RRP have to fulfil several other criteria.

State of play – Recovery and Resilience Plans

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Do No Significant Harm in the RRF

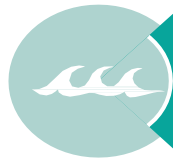
Check that all RRP measures do not significantly harm to any of the **6 environmental objectives**



Climate change mitigation



Climate change adaptation



Sustainable and protection of water and marine resources;



Transition to a circular economy



Pollution prevention and control



Protection and restoration of biodiversity and ecosystems

With challenges ahead, what should be done?

- Challenges of inflation, overheating, supply chain disruptions, rising energy prices, etc.
- Priority should be given to targeted measures that can rapidly mitigate the impact of price rises for vulnerable consumers and small businesses.
- We should avoid a price-salary loop, and this will request macro-economic fine-tuning.

Immediate measures to protect consumers and businesses in response to the energy crisis:

- Provide emergency income support for energy-poor consumers;
- Authorise temporary deferrals of bill payments;
- Put in place safeguards to avoid disconnections from the grid;
- Provide temporary, targeted reductions in taxation rates for vulnerable households;
- Provide aid to companies or industries, in line with EU state aid rules;
- Enhance international energy outreach to ensure the transparency, liquidity and flexibility of international markets;
- Investigate possible anti-competitive behaviour in the energy market and ask the European Securities and Markets Authority (ESMA) to further enhance monitoring of developments in the carbon market;
- Facilitate a wider access to renewable power purchase agreements and support them via flanking measures.

Thank you



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